



TOP 10 REASONS TO LOVE THE HOUSE HEALTH REFORM BILL

Health reform bills moving through Congress right now will extend affordable, quality health coverage to 97 percent of Americans and protect families against high health care costs. If you lack health insurance, your best chance to get it is health reform. If you do have health insurance, you may soon lose it without health reform. The U.S. House is considering a very strong bill, expected to be far stronger than the Senate Finance Committee's forthcoming package.

We need you to contact your Member of Congress *today*. Visit <http://www.house.gov> to find out who represents you. Then, call the Capitol switchboard at 202.224.3121 and ask to be connected to your representative's office. Tell your congressperson:

"Support the House health care reform bill. Don't weaken it—move health care reform forward by sending a strong bill to the Senate."

In this *Policy Page*, CPPP provides a very high-level view of the major strengths of the House bill, and a few key observations on the potential Texas impact.

Ten Reasons to Love the House Bill

The House bill:

1. Allows Texans who already have good affordable coverage that they like to keep what they have;
2. Provides new health security and affordability to all Texans, not just low-income Texans;
3. Provides sliding-scale help for low- and moderate-income Texas families and protection against high out-of-pocket costs;
4. Expands Medicaid to cover the lowest-income Texans;
5. Pays for the Medicaid expansion and improved primary care rates with 100 percent federal funds, and would not add to state-budget responsibility;
6. Gives small businesses strong affordability protections and extra help;
7. Includes a child-specific benefit package so that children who get health coverage through the new Health Insurance Exchanges will have the benefits they need;
8. Is fully paid for;
9. Includes a wide array of important steps to improve the quality of our health care and reduce wasteful spending; and
10. Maintains the current health system's strong roles of for-profit, non-profit and public sectors.

More Details

1. The House bill allows Texans who already have good affordable coverage that they like to keep what they have.

The legislation is designed to build on the current system while filling in the gaps—actually, gaping holes here in Texas—for the millions who are uninsured or underinsured. The bill is designed to preserve and expand employer-sponsored insurance, while ensuring no one has to go uninsured because their employer does not provide health benefits.

2. The House bill provides new health security and affordability to all Texans, not just low-income Texans.

Every Texan can buy insurance through a “Health Insurance Exchange” with:

- comprehensive benefits;
- highest premiums limited to double the lowest premium;
- premiums based on age only (no health, gender, or industry variation allowed);
- coverage that cannot be denied;
- no annual or lifetime limits;
- no co-payments for preventive care; and no pre-existing condition exclusions.

The House bill also caps out-of-pocket health spending (\$5,000 for an individual, \$10,000 for a family) to ensure that every family has protection from high medical bills due to illness or injury).

Texas Fact: Under Texas law today small group insurers report the average high premium they are collecting is \$22,000 a year for a single worker.

3. The House bill provides sliding-scale help for low- and moderate-income Texas families and protection against high out-of-pocket costs.

Families with incomes up to 400 percent of the poverty line (\$88,200 before taxes for a family of four) who are not eligible for Medicaid and lack coverage through their employers qualify for sliding-scale assistance to buy coverage in the new Health Insurance Exchange. These families also have sliding scale cost-sharing help to protect them from high out-of-pocket costs. Families will no longer face the prospect of large, uncovered medical expenses for a sick or injured family member draining family income, leaving too little for the family to afford basic needs or health care for their children. No longer will health care bills be the major cause of U.S. bankruptcies.

Texas Fact: There are about 2.3 million uninsured Texans between the proposed upper limit for Medicaid (see #4, below) and the 400 percent of poverty top end for premium assistance in the House bill.

4. The House bill expands Medicaid to cover the lowest-income Texans.

Nationwide, eligibility levels will rise to 133 percent of the poverty line for children of all ages, their parents, and other adults (before taxes, about \$29,300 a year for a family of 4). Today in Texas, very few adults qualify for Medicaid: only the fully disabled, pregnant, and a very small number of parents. And by covering all parents, we help children. Research shows that covering low-income parents together with their children increases enrollment of eligible children in health coverage and improves their use of the coverage.

*Texas Fact: Today, fewer than 145,000 parents get Texas Medicaid, out of 2.9 million Medicaid recipients. **The House bill makes about 1 million more uninsured adult Texas citizens eligible for Medicaid.***

5. The House bill pays for the Medicaid expansion and improved primary care rates with 100 percent federal funds, and would not add to state-budget responsibility.

The federal government will pay 100 percent of the cost of the newly-eligible Medicaid enrollees, and the cost of increasing primary care provider payments, without any end date or phase-down. Payments for primary care services in Medicaid increase beginning in 2010, and by 2012 go to 100 percent of Medicare reimbursement levels. Increasing primary care payments will encourage more physicians and other practitioners to participate in Medicaid and allow those who already participate to see more Medicaid patients, thus improving access to care.

In contrast, Senate Finance Committee drafts would “phase down” this federal support after 5 years, which the National Governors Association strongly opposes. *Given the current extreme pressures on state budgets—many states only avoided major Medicaid cuts this year because of federal Stimulus Funding—the House proposal is much more desirable for Texas.*

6. The House bill gives small businesses strong affordability protections and extra help.

Employers with payrolls under \$250,000 have no required contribution to the cost of coverage, and from \$250,000 to \$400,000 have a sliding-scale minimum contribution of 2 percent to 6 percent of payroll. Employers with fewer than 25 low-to-moderate wage workers who want to provide a health benefits plan qualify for tax credits to reduce their costs.

7. The House bill includes a child-specific benefit package so that children who get health coverage through the new Health Insurance Exchanges will have the benefits they need.

All plans offering coverage in the Exchange must cover certain benefits critical to the development and well-being of children. These benefits include well-baby and well-

child care, dental, vision, and medical equipment and supplies. Benefit packages for adults and children must cover standard benefits such as doctor’s visits, hospital care, preventive services and prescription drugs, as well as specialized benefits such as rehabilitative and habilitative services and mental health and substance abuse treatment. No cost-sharing will be allowed for well-baby and well-child care and other preventive services. Of particular importance to children with serious disabilities, health plans in the exchange *cannot* include annual or lifetime limits on coverage.

8. The House bill is fully paid for.

This bill is designed to deliver major health reform that is fully paid-for and that helps slow growth in our nation’s health care spending. Cost controls that help pay for covering more Americans include reducing Medicare and Medicaid spending growth by about \$450 billion over 10 years, a target similar to the Medicare and Medicaid cuts that were included in the Balanced Budget Act of 1997, which helped create the federal budget surpluses of the late 1990s.

9. The House bill includes a wide array of important steps to improve the quality of our health care and reduce wasteful spending.

Examples include:

- incentives for hospitals to avoid unnecessary readmissions;
- rewarding doctors for creating medical homes and for taking time to involve patients in treatment decisions;
- rewarding the primary care that reduces chronic health costs;
- reducing overpayments to Medicare Advantage HMO plans (Medicare now pays HMOs more than traditional coverage costs);

- rewarding doctors who team with hospitals in “accountable care organizations” to improve quality of care;
- requiring drug companies, doctors, hospitals, labs, etc. to disclose all financial ties that create conflicts of interest;
- requiring insurers to pay out at least an minimum share of every premium dollar in health care costs; and
- ensuring every doctor has the latest research on best treatments (which they do not currently get in an consistent or systematic way).

10. The House bill maintains the current health system’s strong roles of for-profit, non-profit and public sectors.

The insurance market status quo leaves one in four Texans without health insurance. Under the House bill, all but the poorest Texans will be expected to spend an affordable share of their income on insurance, either from their job or through the Health Insurance Exchange. The Exchange will include choices among for-profit health plans, non-profit health plans, and a public health plan.

Two recent studies estimate that the inclusion of the public plan as an option in the mix lowers the price tag for health reform by hundreds of billions. One study reports that including the public option will reduce administrative costs alone by \$265 billion over 10 years.¹ The second study estimated the impact of including a public option which pays doctors 10 percent to 20 percent above Medicare rates. The researchers conclude that the competition of the public option with the for-profit health plans will result in savings of \$224 billion to \$399 billion over 10 years.²

Act Now

These are our top 10 reasons to love the House bill. Call or e-mail your Texas congressman now with a specific message: “Support the House health care reform bill. Don’t weaken it, and move health care reform forward by sending a strong bill to the Senate.”

More Love?

As with any bill this important and broad in scope, the center also has a “**Top Two Things We Want to Improve**” in the House bill. These changes would make a bill we strongly support even better for Texas.

1. The House bill envisions an end to CHIP in 2013 (when the current block grant authorization expires) with children moving to coverage through their parents’ employer or Health Insurance Exchange plans.

This approach has some positive advantages over the current program, as well as some real concerns. The current CHIP program requires state matching contributions, provides federal funding only up to a cap, and allows states to set enrollment ceilings and impose waiting lists. The House bill would eliminate any annual cap on children’s coverage, and premium and cost-sharing subsidies for low- and moderate-income families is 100-percent federally funded. Families and children will never face waiting lists for subsidies or changes in state finances that currently can force states to curtail CHIP spending and impose enrollment freezes and waiting lists when states budgets get tight.

If we end CHIP in 2013, children may get a less comprehensive benefits package and/or weaker protections against large out-of-pocket costs after the transition. The child benefit package (see #7 above) will protect against this in most states, but children with special needs must have options like the Family Opportunity Act (e.g., Texas’ new Medicaid Buy-In for kids with disabilities) in every state, so that lower-income children with special health care needs are assured the care they need. The out-of-pocket limits for low-to-moderate income families will provide a strong protection that includes the whole family, not just children. A clear commitment to maintain or exceed the current benefit and cost-sharing standards would improve the bill, and need not increase the costs of reform.

2. The House bill is silent on community services and supports.

For seniors and Texans with disabilities of all ages, community supports are often harder to find than decent health care, and the inability to get those supports can lead

to deteriorating health and exacerbate disability. Senate proposals included some promising approaches to expanding access to these services through Medicaid and new long-term care payroll deduction available to every American. The House bill should adopt similar provisions.

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To learn more, sign up for e-mails, or make a donation, go to www.cppp.org.

The Center for Public Policy Priorities is a nonpartisan, nonprofit policy institute committed to improving public policies to better the economic and social conditions of low- and moderate-income Texans.

¹ The Commonwealth Fund, “How Health Care Reform Can Lower the Costs of Insurance Administration,” July 16, 2009, Volume 57; <http://www.commonwealthfund.org/Content/Publications/Issue-Briefs/2009/July/How-Health-Care-Reform-Can-Lower-the-Costs-of-Insurance-Administration.aspx>.

² Urban Institute, John Holahan, Linda J. Blumberg, “Is the Public Plan Option a Necessary Part of Health Reform?” June 26, 2009; <http://www.urban.org/publications/411915.html>.